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LETTER OF COMMENT NO. 37

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 1510-100

We are pleased to have the opportunity to submit comments on the December 8, 2006, Exposure Draft of a Proposed Amendment, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (the ED). Our comments on key concepts and concerns are discussed below.

Genworth Financial is a leading financial security company dedicated to developing solutions that help meet the investment, protection, homeownership, retirement and independent lifestyle needs of more than 15 million customers, with a presence in more than 25 countries. Since our 2004 initial public offering, we have been committed to clarity in our accounting and financial reporting to provide transparent, useful financial information to our stakeholders. As both a preparer and user of financial statements, we support FASB's efforts to provide information that is more useful and transparent to users of financial statements. However, we have certain concerns about the proposal as currently drafted, and offer the following comments for your consideration.

Overall

We support the objectives of the proposed Statement as outlined in the ED. The proposed disclosures will provide clarity on the effect that derivative activities have on an entity's overall financial position, results of operations, and cash flows.

Scope

Issue 1: Exclude from the scope of this proposed Statement prescriptive guidance about how derivative instrument should be presented and classified in the financial statements.

We agree with FASB's decision to limit this project to disclosures for derivative instruments and to exclude presentation and classification at this time. These issues need to be addressed, but are more appropriately included in the Board's current project on financial statement presentation. Additionally, we urge you to consider broadening the scope to include hedged items not designated and qualifying in a Statement 133 hedging relationship. We discuss this in more detail under issue 7 below.

Costs of Implementation

Issue 3: Significant operational concerns or constraints in compiling the information in the format required by the proposed Statement.

While we generally support these disclosures, there will be significant operational changes that will need to be made to our systems and processes in order to meet these new requirements. Appropriate management of derivatives and the related risks necessitates that companies possess all of the raw data required for these quantitative disclosures. However, reporting systems are determined by various definitional requirements, system feeds, and report writing and these requirements would need to be changed in order to comply with the proposed disclosures. We also ask for more time to implement so that we may appropriately comply with both the spirit of the disclosure as well as the required rigor under the Sarbanes-Oxley internal control over financial reporting requirements. In addition, both Statement No. 157 and Statement No. 159, effective January 1, 2008, would concurrently require significant systems and operational efforts and related costs. We discuss our proposal below in issue 11.

Issue 4: Significant operational concerns or constraints in compiling information on the existence and nature of contingent features in derivative instruments.

We do not believe there would be significant operational constraints in compiling this information as the majority of our contracts have standardized language. However, the way the current wording is drafted in the proposed paragraph 44D a) and related footnote 12a4, it appears that a catalogue of contingencies would need to be listed. For example, many ISDA contracts include contingencies such as tax law changes or change of control provisions, while these are contingencies, under most circumstances they would be considered remote as defined by Statement No. 5. The current wording implies that only default contingencies that are considered remote would not require disclosure. We recommend that the remote standard be included for all types of contingencies, not just those that relate to default.

Disclosure of Notional Amounts

Issue 5: Should the proposed Statement require the disclosure of notional amount?

The disclosure of notional amount can be misleading and confusing in certain situations. As currently drafted, the quantitative table only requires disclosure of the notional of the derivative, without any regard for the principal of the hedged item. It would be more useful to see both notional of the derivative and the principal amount of the hedged item. Additionally, for certain types of derivatives (i.e. options, futures, etc.) a more useful measure would be the number of contracts and the strike price. This information would

help the users of the financial statements better understand the risk the company is taking in relation to the market and its competitors.

Issue 6: Should the Statement require disclosure of aggregate notional amounts related to derivatives that no longer exist at the end of the reporting period?

We agree with the FASB that disclosing the notional amounts related to derivatives that no longer exist at the end of a reporting period would not be useful to the reader of the financial statements and should not be required.

Disclosure of Gains and Losses on Hedged Items

Issue 7: Should tables include gains and losses on "hedged" items that are not designated and qualifying Statement 133 hedging relationships?

The proposed table should allow the presentation of hedged items that are not designated and qualifying Statement 133 hedging relationships. Excluding these items is misleading to financial statement users in that it treats almost identical transactions differently. For example, a company may purchase a fixed rate bond and swap it to a floating rate instrument. This could be accomplished in two ways. First the bond may be classified as available for sale and an appropriate fair value qualifying hedge relationship could be established. Second, the same bond may be classified as a trading security (or one could utilize the fair value option under Statement No. 155 or when available under Statement No. 159) and not establish a hedging relationship. The only difference between these two transactions, other than classification, is that a small amount of the change in value of the available for sale bond (primarily due to changes in credit spreads) would be classified in OCI rather than included in the income statement. Economically, the result is identical. This issue becomes larger, and the disclosure then becomes less useful and relevant when companies begin to use the fair value option.

Effective Date

Issue 11: Does the effective date provide sufficient time for implementation?

As noted earlier under Issue 3, this disclosure will require significant time and resources to compile and will be subject to Sarbanes-Oxley process controls testing. We also believe that requiring a disclosure in the first year that is not comparative reduces the usefulness of the information presented. We request that you delay the implementation for 1 year and require the disclosure to be comparative upon adoption.

Other Items

Interim Financial Reporting

We do support the expanded disclosure requirements for annual reporting. For interim reporting purposes, we believe expanded disclosure is appropriate if there have been material changes from the previous year-end disclosures.

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As both a preparer and user of financial statements, Genworth Financial believes in providing information that is useful and relevant in a manner that provides both clarity and transparency to the financial statement users, taking into account cost/benefit considerations.

We appreciate the opportunity to comment on the ED. If there are any questions regarding the content of this letter or you wish to discuss our comments and recommendations, please contact Allen Winmill at (804) 662-7726 or Rich Wiernasz at (804) 922-5582.

Sincerely,

/s/ Scott R. Lindquist

Scott R. Lindquist
Vice President and Controller